

SECTION

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Montana-Dakota Utilities Co.
A Division of MDU Resources Group, Inc.
 400 N 4th Street
 Bismarck, ND 58501

**State of South Dakota
 Gas Rate Schedule - SDPUC Volume No. 2**

RATE SUMMARY SHEET

Section No. 3
 35th Revised Sheet No. 1
 Canceling 34th Revised Sheet No. 1
 Page 1 of 1

Rate Schedule	Sheet No.	Basic Service Charge	Distribution Delivery Charge	CTA	PGA Items	Total Rate/ Dk
Residential Rate 60	2	\$0.25 per day	\$1.571	\$0.003	\$5.287	\$6.861
Ellsworth Air Force Base Rate 64	5	\$95.00 per month	\$0.062		\$4.101	\$4.163
East River Residential Rate 66	7	\$0.15 per day	\$2.915	\$0.007	\$5.462	\$8.384
Firm General Service Rate 70	11					
Meters rated < 500 cubic feet		\$0.35 per day				
Meters rated > 500 cubic feet		\$0.70 per day	\$1.175	\$0.003	\$5.287	\$6.465
			(Maximum)			(Maximum)
Small Interruptible Gas Rate 71	12	\$50.00 per month	\$0.453		\$5.287	\$5.740
Optional Seasonal Gas Service Rate 72	13					
Meters rated < 500 cubic feet		\$0.35 per day				
Meters rated > 500 cubic feet		\$0.70 per day				
Winter Gas Usage			\$1.175	\$0.003	\$5.387	\$6.565
Summer Gas Usage			\$1.175	\$0.003	\$4.367	\$5.545
East River Firm General Service Rate 76	17					
Meters rated < 500 cubic feet		\$0.25 per day				
Meters rated > 500 cubic feet		\$0.50 per day	\$2.598	\$0.007	\$5.462	\$8.067
Transportation Service	22					
Small Interruptible Rate 81		\$125.00 per month				
Maximum			\$0.453			
Minimum			\$0.131			
Fuel Charge					\$0.059	
Large Interruptible Rate 82		\$225.00 per month				
Maximum			\$0.187			
Minimum			\$0.090			
Fuel Charge					\$0.047	
			(Maximum)			(Maximum)
Large Interruptible Gas Rate 85	26	\$175.00 per month	\$0.187		\$4.321	\$4.508

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Montana-Dakota Utilities Co.
A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
2nd Revised Sheet No. 2
Canceling 1st Revised Sheet No. 2

RESIDENTIAL GAS SERVICE Rate 60

Page 1 of 1

Availability:

In all communities served, except for those communities set forth on Rate 66 or Rate 76, for all domestic uses. See Rate 100, §V.3, for definition of class of service.

Rate:

Basic Service Charge:	\$0.25 per day
Distribution Delivery Charge:	\$1.571 per dk
Cost of Gas:	Determined Monthly – See Rate Summary Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Purchased Gas Cost Adjustment Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Distribution Delivery Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.

General Terms and Conditions:

RULES - The foregoing schedule is subject to Rates 100 through 134 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Montana-Dakota Utilities Co.
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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
Original Sheet No. 5
Canceling Vol. 1 2nd Rev. Sheet No. 5

ELLSWORTH AIR FORCE BASE Rate 64

Page 1 of 2

Availability:

Service under this rate schedule is available, on an interruptible basis, to the Ellsworth Air Force Base (EAFB).

Rate:

Basic Service Charge:	\$95.00 per month
Distribution Delivery Charge:	\$0.062 per dk
Cost of Gas:	Determined Monthly - See Rate Summary Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Purchased Gas Cost Adjustment Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Gas Delivery Management Fee:

In addition to the charges set forth above, all volumes of natural gas delivered under this rate schedule shall be subject to a gas Delivery Management Fee. The charge per dk is a negotiable fee subject to approval by the South Dakota Public Utilities Commission.

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Montana-Dakota Utilities Co.
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400 N 4th Street
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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
Original Sheet No. 5.1
Canceling Vol. 1 2nd Rev. Sheet No. 5.1

ELLSWORTH AIR FORCE BASE Rate 64

Page 2 of 2

General Terms and Conditions:

1. **PRIORITY OF SERVICE** - Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to so interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the Provisions of Rate 100, §V.10.
2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** - If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the Firm General Gas Service Rate 70 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$30.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **CONTRACT** - Terms of service other than the rate shall be as specified in contracts between EAFB and the Company.
4. **RULES** - The foregoing schedule is subject to Rates 100 through 134 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
1st Revised Sheet No. 7
Canceling Original Sheet No. 7

**EAST RIVER NATURAL GAS SYSTEM
RESIDENTIAL GAS SERVICE Rate 66**

Page 1 of 2

Availability:

In the following communities, for all domestic uses except for resale. See Rate 100 §V.3, for definition on class of service.

Agar	Glenham	Pierre
Bowdle	Ipswich	Roscoe
Ft. Pierre	Mobridge	Selby
Gettysburg	Onida	

Rate:

Basic Service Charge:	\$0.15 per day
Distribution Delivery Charge:	\$2.915 per dk
Cost of Gas:	Determined Monthly – See Rate Summary Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Purchased Gas Cost Adjustment Rate 89 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Distribution Delivery Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87, or any amendments or alterations thereto.

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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
Original Sheet No. 7.1

**EAST RIVER NATURAL GAS SYSTEM
RESIDENTIAL GAS SERVICE Rate 66**

Page 2 of 2

General Terms and Conditions:

RULES – The foregoing schedule is subject to Rates 100 through 134, and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
2nd Revised Sheet No. 11
Canceling 1st Revised Sheet No. 11

FIRM GENERAL GAS SERVICE Rate 70

Page 1 of 2

Availability:

In all communities served, except for those communities set forth on Rate 66 or Rate 76, for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated under 500 cubic feet per hour \$0.35 per day

For customers with meters rated over 500 cubic feet per hour \$0.70 per day

Distribution Delivery Charge: \$1.175 per dk

Cost of Gas: Determined Monthly – See Rate Summary Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Purchased Gas Cost Adjustment Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Distribution Delivery Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.

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State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

Section No. 3
Original Sheet No. 11.1

FIRM GENERAL GAS SERVICE Rate 70

Page 2 of 2

General Terms and Conditions:

RULES - The foregoing schedule is subject to Rates 100 through 134 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Montana-Dakota Utilities Co.
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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
1st Revised Sheet No. 12
Canceling Original Sheet No. 12

SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 1 of 3

Availability:

In all communities served, except for communities set forth on Rate 66 or Rate 76, for all interruptible general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point and whose use of natural gas will not exceed 40,000 dk annually. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruption purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

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Rate:

Basic Service Charge: \$50.00 per month

Distribution Delivery Charge:

Maximum Rate	\$0.453 per dk
Minimum Rate	\$0.131 per dk

Cost of Gas: Determined Monthly – See Rate
Summary Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Purchased Gas Cost Adjustment Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

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State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

Section No. 3

Original Sheet No. 12.1

Canceling Vol. 1 1st Rev. Sheet No. 12.1

SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 2 of 3

General Terms and Conditions:

1. **PRIORITY OF SERVICE** - Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to so interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the Provisions of Rate 100, §V.10.
2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** - If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the Firm General Gas Service Rate 70 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$30.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **AGREEMENT** - Upon request of the Company, customer may be required to enter into an agreement for service hereunder. If mutually agreed to by the Company and customer, the term of service reflected in such agreement may be amended. Upon expiration of service, the customer may apply for and receive, at the sole discretion of the Company, gas service under another appropriate rate schedule for the customer's operations.

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Montana-Dakota Utilities Co.

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400 N 4th Street
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State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

Section No. 3
Original Sheet No. 12.2

SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 3 of 3

4. **OBLIGATION TO NOTIFY COMPANY OF CHANGE IN DAILY OPERATIONS** - Customer will be required as specified in the service agreement to notify Company of an anticipated change in daily operations. Failure to comply with requirements specified in the service agreement may result in the assessment of penalties to the customer equal to the penalty amounts Company must pay to the interconnecting pipeline caused by customer's action.
5. **METERING REQUIREMENTS** - Remote data acquisition equipment required for daily measurement will be installed by the Company, at its sole discretion, prior to the initiation of service hereunder.

The customer shall be required to provide and maintain, at no cost to Company, a 120 volt, 15 ampere, AC power supply, or other power source acceptable to the Company, and acceptable telephone service available at customer's meter location(s). Customer agrees to provide and maintain, at no cost to the Company, any necessary telephone enhancements to assure Company of a quality telephone signal necessary to properly transmit data. The customer shall pay all charges for continuous electric and telephone service associated with the Company's connection of the remote data acquisition equipment, and any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.

The Company reserves the right to charge for each service call to investigate, repair and/or reprogram the Company's remote data acquisition equipment when the service call is the result of a failure or change in communication or power source provided by customer or damage to Company's equipment.

6. **RULES** - The foregoing schedule is subject to Rates 100 through 134 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Montana-Dakota Utilities Co.
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Bismarck, ND 58501

**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
3rd Revised Sheet No. 13
Canceling 2nd Revised Sheet No. 13

OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

Page 1 of 2

Availability:

In all communities served, except for those communities set forth on Rate 76,
for customers otherwise qualifying for service under Firm General Gas Service
Rate 70. See Rate 100, §V.3, for definition of class of service.

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Rate:

Basic Service Charge:

For customers with meters rated
under 500 cubic feet per hour \$0.35 per day

For customers with meters rated
over 500 cubic feet per hour \$0.70 per day

Distribution Delivery Charge: \$1.175 per dk

Cost of Gas:

Winter – Bills rendered October 1 through May 31 Determined Monthly –
See Rate Summary
Sheet for Current Rate

Summer – Bills rendered June 1 through September 30 Determined Monthly –
See Rate Summary
Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on
the bill. Past due bills are subject to a late payment charge in accordance with
the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Purchased
Gas Cost Adjustment Rate 88 or any amendments or alterations thereto. The cost
of gas component is subject to change on a monthly basis.

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A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

Section No. 3
Original Sheet No. 13.1

OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

Page 2 of 2

General Terms and Conditions:

1. TERM - The customer agrees to contract for service under the Optional Seasonal General Gas Service Rate 72 for a minimum of one year.
2. RULES - The foregoing schedule is subject to Rates 100 through 134 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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400 N 4th Street
Bismarck, ND 58501

**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
Original Sheet No. 17

**EAST RIVER NATURAL GAS SYSTEM
FIRM GENERAL GAS SERVICE Rate 76**

Page 1 of 2

Availability:

In the following communities, for all purposes except for resale. See Rate 100
§V.3, for definition on class of service.

Agar	Glenham	Pierre
Bowdle	Ipswich	Roscoe
Ft. Pierre	Mobridge	Selby
Gettysburg	Onida	

Rate:

Basic Service Charge:

For customers with meters rated
under 500 cubic feet per hour \$0.25 per day

For customers with meters rated
over 500 cubic feet per hour \$0.50 per day

Distribution Delivery Charge: \$2.598 per dk

Cost of Gas: Determined Monthly – See Rate
Summary Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Purchased Gas Cost Adjustment Rate 89 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
Original Sheet No. 17.1

**EAST RIVER NATURAL GAS SYSTEM
FIRM GENERAL GAS SERVICE Rate 76**

Page 2 of 2

Distribution Delivery Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87, or any amendments or alterations thereto.

General Terms and Conditions:

RULES – The foregoing schedule is subject to Rates 100 through 134, and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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400 N 4th Street
Bismarck, ND 58501

State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

Section No. 3

1st Revised Sheet No. 22

Canceling Original Sheet No. 22

TRANSPORTATION SERVICE Rates 81 and 82

Page 1 of 9

Availability:

This service is applicable, except for customers served on Rate 66 or Rate 76, for transportation of natural gas to customer's premise (metered at a single delivery point) through Company's distribution facilities. In order to obtain transportation service, customer must qualify under an applicable gas transportation service rate; meet the general terms and conditions of service provided hereunder; and enter into a gas transportation agreement upon request by the Company.

T

The transportation services are as follows:

Small Interruptible General Gas Transportation Service Rate 81:

Transportation service is available for all general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point whose average use of natural gas will not exceed 40,000 dk annually, and who, absent the request for transportation service, are eligible for natural gas service, on an interruptible basis, pursuant to Company's effective Small Interruptible General Gas Service Rate 71. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be treated and billed in accordance with the provisions of Firm General Gas Service Rate 70.

Large Interruptible General Gas Transportation Service Rate 82:

Transportation service is available for all general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point, whose average use of natural gas will exceed 40,000 dk annually, and who, absent the request for transportation service, are eligible for natural gas service on an interruptible basis, pursuant to Company's effective Large Interruptible General Gas Service Rate 85. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be treated and billed in accordance with the provisions of Firm General Gas Service Rate 70.

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400 N 4th Street
Bismarck, ND 58501

State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

Section No. 3
1st Revised Sheet No. 22.1
Canceling Original Sheet No. 22.1

TRANSPORTATION SERVICE Rates 81 and 82

Page 2 of 9

Rate:

Basic Service Charge:

Rate 81 \$125.00 per month 1/
Rate 82 \$225.00 per month 2/

- 1/ In the event customer takes service through one meter under both Rates 71 and 81, the base rate under Rate 81 shall be waived.
- 2/ In the event customer takes service through one meter under both Rates 85 and 82, the base rate under Rate 82 shall be waived.

Under Rates 81 or 82 customer shall pay a negotiated rate not more than the maximum rate or less than the minimum rate specified below. (The per dk charge is applicable to all dk of natural gas transported under the terms of this rate.)

	<u>Rate 81</u>	<u>Rate 82</u>
Maximum Rate per dk	\$0.453	\$0.187
Minimum Rate per dk	\$0.131	\$0.090
Balancing Charge per dk	\$0.300	\$0.300

Fuel Charge:

Applicable to all dk transported to customers located within the distribution system. Charge does not apply to transmission level customers. See Rate Summary Sheet for currently effective charge.

GENERAL TERMS AND CONDITIONS:

1. CRITERIA FOR SERVICE – In order to receive the service, customer must qualify under one of the Company's applicable natural gas transportation service rates and comply with the general terms and conditions of the service provided herein. The customer is responsible for making all arrangements for transporting the gas from its source to the Company's interconnection with the delivering pipeline(s).

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Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

Section No. 3

Original Sheet No. 22.2

Canceling Vol. 1 2nd Rev. Sheet No. 22.2

TRANSPORTATION SERVICE Rates 81 and 82

Page 3 of 9

2. **REQUEST FOR GAS TRANSPORTATION SERVICE:** To qualify for gas transportation service a customer must request the service pursuant to the provisions set forth herein. The service shall be provided only to the extent that the Company's existing operating capacity permits.
3. **MULTIPLE SERVICES THROUGH ONE METER:**
 - a. In the event customer desires firm sales service in addition to gas transportation service, customer shall request such firm volume requirements, and upon approval by Company, such firm volume requirements shall be set forth in a firm service agreement. For billing purposes, the level of volumes so specified or the actual volume used, whichever is lower, shall be billed at Rate 70. Volumes delivered in excess of such firm volumes shall be billed at the applicable gas transportation rate. Customer has the option to install, at their expense, piping necessary for separate measurement of sales and transportation volumes.
 - b. The customer shall pay, in addition to charges specified in the applicable gas transportation rate schedule, charges under all other applicable rate schedules for any service in addition to that provided herein (irrespective of whether the customer receives only gas transportation service in any billing period).
4. **PRIORITY OF SERVICE -** Company shall have the right to curtail or interrupt deliveries without being required to give previous notice of intention to curtail or interrupt, whenever, in its judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, §V.10.
5. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT -** If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken above that received on the customer's behalf, shall be billed at the Firm General Gas Service Rate 70 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail

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Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
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State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

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or interrupt, or \$30.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.

6. NON-DELIVERED VOLUMES/PENALTY:

- a. In the event customer uses more gas than is being delivered to the Company's interconnection with the delivering pipeline(s) (receipt point), customer shall pay an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) resulting from such action by customer. In the event that more than one customer is obtaining gas from the same shipper and/or agent at the same receipt point, any payment or overrun penalties the Company is required to make shall be allocated on a pro rata basis among such customers on the basis of each customer's use of gas in excess of available volumes.
- b. In the event the customer's gas is not being delivered to the receipt point for any reason and the customer continues to take gas, the customer shall be subject to any applicable penalties or charges set forth in Paragraph 6.a. Gas volumes supplied by Company will be billed at Firm General Service Rate 70 (distribution delivery charge and cost of gas). The Company is under no obligation to notify customer of non-delivered volumes.
- c. In the event customer's transportation volumes are not available for any reason, customer may take interruptible sales service if such service is available. The availability of interruptible sales service shall be determined at the sole discretion of the Company.

7. ELECTION OF SERVICE - Prior to the initiation of service hereunder, the customer shall make an election of its requirements under each applicable rate schedule for the entire term of service. If mutually agreed to by the Company and customer, the term of service may be amended. Upon expiration of service, the customer may apply for and receive, at the sole discretion of the

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Company, gas service under the appropriate sales rate schedule for the customer's operations.

8. RECONNECTION FEE - Transportation customers who cease service and then resume service within the succeeding 12 months shall be subject to a reconnection charge as specified in Rate 100, §V.18.
9. BALANCING:
 - a. To the extent practicable, customer and Company agree to the daily balancing of volumes of gas received and delivered on a thermal basis. Such balancing is subject to the customer's request and the Company's discretion to vary scheduled receipts and deliveries within existing Company operating limitations. If, at the end of a billing month, the accumulated difference between actual gas deliveries to the customer and nominated (scheduled) receipts on behalf of such customer exceeds 4% of that month's scheduled receipts, resulting in a negative imbalance (i.e., deliveries exceed scheduled receipts), the customer will be assessed a balancing charge, set forth herein, on the imbalance exceeding 4%. If such imbalance is not eliminated by the end of the next monthly billing period, the customer shall then be billed, in addition to the applicable transportation rate, a penalty for the under nominated volume exceeding 4% at the Firm General Gas Service Rate 70 (distribution delivery charge and cost of gas). The accumulated difference between the actual gas deliveries to the customer and nominated (scheduled) receipts on behalf of such customer will be adjusted for the volume on which a penalty was imposed. If, at the end of a billing month, the accumulated difference between nominated (scheduled) receipts on behalf of such customer and actual gas deliveries to the customer exceeds 4% of that month's scheduled receipts, resulting in a positive imbalance (i.e., scheduled receipts exceed deliveries), the customer will be assessed a balancing charge, set forth herein, on the imbalance exceeding 4%. If such imbalance is not eliminated by the end of the next monthly billing period, (1) the Company may adjust the volume of gas received on behalf of the customer so as to eliminate the prior period over nomination exceeding 4% up to 10% and (2) the Company shall retain the over nomination of gas exceeding 10% free and clear of any adverse claims relating thereto when such accumulated difference

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exceeds 50 dk. The accumulated difference between the actual gas deliveries to the customer and nominated (scheduled) receipts on behalf of such customer will be adjusted for the volume retained.

- b. In the event customer's imbalance causes the Company to incur a balancing penalty from its interconnecting pipeline(s), customer shall pay any penalty payments or overrun charges the Company is required to make under the terms of its contract(s) with interconnecting pipeline(s) resulting from such action by customer. In the event that more than one customer is obtaining gas from the same shipper and/or agent at the same interconnection with a delivering pipeline, any payment or overrun penalties the Company is required to make shall be apportioned among such customers on the basis of each customer's contribution toward the imbalance.
 - c. Customer's nominations made to clear imbalances will be subject to the priority of service and allocation of capacity provisions set forth in Rate 100, §V.10, and the penalties for failure to curtail or interrupt use of gas set forth in Paragraph 5 of this rate schedule.
 - d. Termination of the gas transportation service shall not relieve Company and customer of the obligation to correct any quantity imbalances hereunder or customer of the obligation to pay money due hereunder to Company.
 - e. The Company may waive any penalty associated with Company adjustments to end-use customer nominations in those instances where the Company, due to operating limitations, is required to adjust end-use transportation customer nominations and such Company adjustments create a penalty situation, or preclude a customer from correcting an imbalance which results in a penalty.
10. **NOMINATION VARIANCE CHARGE** - The customer shall pay, any payments the Company must make to its interconnecting pipeline(s), as a result of nomination variance penalties caused by customer's nomination variances. Such penalties will be allocated on the basis of each customer's contribution toward the nomination variance.

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11. **METERING REQUIREMENTS** Remote data acquisition equipment required by the Company for daily measurement will be purchased and installed by the Company prior to the initiation of service hereunder. The cost of the equipment and its installation shall be paid for by the customer. Such contribution in aid, as adjusted for federal income taxes, shall be paid prior to the installation of such equipment unless otherwise agreed to by the Company. Such equipment will be maintained by the Company and will remain the sole property of the Company. Company may remove such equipment when service hereunder is terminated. The customer shall provide and maintain, at no cost to Company, a 120 volt, 15 ampere, AC power supply or other power source acceptable to the Company and acceptable telephone service at customer's meter location(s). Customer agrees to provide and maintain, at no cost to the Company, any necessary telephone enhancements to assure Company of a quality telephone signal necessary to properly transmit data. The customer shall pay all charges for continuous electric and telephone service associated with the Company's connection of the remote data acquisition equipment, and any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.
12. **DAILY NOMINATION REQUIREMENTS:**
- a. Customer or customer's shipper and/or agent shall advise Company's gas nominations center, by 11:30 a.m. Central Clock Time, of the dk requirements customer has requested to be delivered at each delivery point during the following day. Customer's daily nomination shall be its best estimate of the expected utilization for the gas day. Unless other arrangements are made, customer will be required to nominate for the non-business days involved prior to weekends and holidays.
 - b. All nominations should include shipper and/or agent defined begin and end dates. Shippers and/or agents may nominate for periods longer than 1 day, provided the nomination begin and end dates are within the term of the service agreement.
 - c. The Company has the sole right to refuse receipt of any volumes which exceed the maximum daily contract quantity and at no time shall the Company be required to accept quantities of gas for a customer in

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excess of the quantities of gas to be delivered to customer. If total nominated receipts exceed total deliveries at receipt points where more than one customer is receiving service, nominations will be allocated on a pro rata basis. At no time shall Company have the responsibility to deliver gas in excess of customer's nomination.

- d. In the event that more than one customer is receiving gas from the same shipper and/or agent at the same receipt point, any reduction in nominated volumes will be allocated on a pro rata basis, unless Company and shipper(s) and/or agent(s) have agreed to a predetermined allocation procedure.
13. **WARRANTY** - The customer, customer's agent, or customer's shipper warrants that it will have title to all gas it tenders or causes to be tendered to the Company, and such gas shall be free and clear of all liens and adverse claims and the customer, customer's agent, or customer's shipper shall indemnify the Company against all damages, costs, and expenses of any nature whatsoever arising from every claim against said gas.
14. **FACILITY EXTENSIONS** - If facilities are required in order to furnish gas transportation service, and those facilities are in addition to the facilities required to furnish firm gas service, the customer shall pay for those additional facilities and their installation in accordance with the Company's applicable natural gas extension policy. Company may remove such facilities when service hereunder is terminated.
15. **PAYMENT** - Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendment or alterations thereto.
16. **BILLING ERROR** - In the event an error is discovered in any bill that the Company renders to customer, such error shall be adjusted within a period not to exceed 6 months from the date the billing error is first discovered.
17. **AGREEMENT** - Upon request of the Company, customer may be required to enter into an agreement for service hereunder.

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18. RULES - The foregoing schedule is subject to Rates 100 through 134 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

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Availability:

In all communities served, except those communities set forth on Rate 66 or Rate 76, for all interruptible general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point and whose use of natural gas will exceed 40,000 dk annually. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruption purposes, the maximum daily firm requirement shall be set forth in the firm service agreement. The Company reserves the right to refuse the initiation of service under this rate schedule based on the availability of gas supply.

This rate schedule shall not apply for service to U. S. Government installations, which are covered by separate special contracts.

Rate:

Basic Service Charge:	\$175.00 per month
Distribution Delivery Charge:	
Maximum Rate	\$0.187 per dk
Minimum Rate	\$0.090 per dk
Cost of Gas:	Determined Monthly – See Rate Summary Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

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Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Purchased Gas Cost Adjustment Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

General Terms and Conditions:

1. **PRIORITY OF SERVICE** - Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates. Customers taking service hereunder agree that the Company without prior notice shall have the right to curtail or interrupt such service whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, §V.10.
2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** - If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company any gas taken shall be billed at the Firm General Gas Service Rate 70 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payment(s) or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$30.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **AGREEMENT** - Upon request of the Company, customer may be required to enter into an agreement for service hereunder. If mutually agreed to by the Company and customer, the term of service reflected in such agreement may be amended. Upon expiration of service, the customer may apply for and receive, at the sole discretion of the Company, gas service under another appropriate rate schedule for the customer's operations.

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4. **OBLIGATION TO NOTIFY COMPANY OF CHANGE IN DAILY OPERATIONS** – Customer will be required as specified in the service agreement to notify Company of an anticipated change in daily operations. Failure to comply with requirements specified in the service agreement may result in the assessment of penalties to the customer equal to the penalty amounts Company must pay to the interconnecting pipeline caused by customer's action.
5. **METERING REQUIREMENTS** – Remote data acquisition equipment required for daily measurement will be installed by the Company, at its sole discretion, prior to the initiation of service hereunder.

The customer shall be required to provide and maintain, at no cost to Company, a 120 volt, 15 ampere, AC power supply, or other power source acceptable to the Company, and acceptable telephone service available at customer's meter location(s). Customer agrees to provide and maintain, at no cost to the Company, any necessary telephone enhancements to assure company of a quality telephone signal necessary to properly transmit data. The customer shall pay all charges for continuous electric and telephone service associated with the Company's connection of the remote data acquisition equipment, and any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.

The Company reserves the right to charge for each service call to investigate, repair and/or reprogram the Company's remote data acquisition equipment when the service call is the result of a failure or change in communication or power source provided by customer or damage to Company's equipment.

6. **RULES** - The foregoing schedule is subject to Rates 100 through 134 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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2nd Revised Sheet No. 28
Canceling 1st Revised Sheet No. 28

DISTRIBUTION DELIVERY STABILIZATION MECHANISM – Rate 87

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APPLICABILITY:

This rate schedule represents a Distribution Delivery Stabilization Mechanism (DDSM) and specifies the procedure to be utilized to correct for the over/under collection of distribution delivery charge revenues due to weather fluctuations during the period from October 1 through April 30. Service provided under the Company's Residential Rates 60 and 66 and Firm General Service Rates 70 and 76 shall be subject to decreases or increases under the DDSM.

DISTRIBUTION DELIVERY STABILIZATION MECHANISM:

A DDSM will be determined for each customer taking service under Residential Service Rates 60 and 66 and Firm General Service Rates 70 and 76 beginning with the first billing cycle starting November 1 through the billing cycle ending May 1. The DDSM adjustment will be applied as a surcharge or credit on all rate schedules to which the DDSM is applicable.

DDSM ADJUSTMENT CALCULATION:

The DDSM Adjustment shall be determined for each customer taking service under Residential Rates 60 and 66 or Firm General Service Rates 70 and 76. In order to calculate the respective DDSM adjustment, the ratio of the normal HDDs as compared to the actual HDDs will be determined and multiplied by the temperature sensitive consumption per customer per HDD, as determined in the most recent general rate case. The resulting product shall be multiplied by the applicable Distribution Delivery Charge rate per dk.

$$DDSM_i = R_i (DDF_i ((NDD-ADD)/ADD))$$

Where:

DDSM_i = Distribution Delivery Stabilization Adjustment
i = Customer served under Rate Schedule 60, 66, 70 or 76
R_i = Applicable Distribution Delivery Charge per dk
DDF_i = Temperature sensitive use per customer
NDD = Normal degree days for the applicable bill cycle
ADD = Actual heating degree days for the applicable bill cycle

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DISTRIBUTION DELIVERY STABILIZATION MECHANISM – Rate 87

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DEFINITIONS:

Heating Degree Days	-	The difference between the average of the daily high and low temperatures as reported by the National Weather Service station subtracted from 65 degrees Fahrenheit.
Normal Degree Days	-	The heating degree days based on the 30-year average for the period 1970-2000.
Temperature Sensitive Use per Customer	-	Customer's actual use less the base use per customer per day, denoted below, multiplied by days in the billing period. <u>Black Hills</u> Residential (Rate Code 600 and 601) = 0.0630 Dk/Degree Day Firm General (Rate Code 700) = 0.0929 Dk/Degree Day Firm General (Rate Code 701) = 1.2728 Dk/Degree Day <u>East River</u> Residential (Rate Code 660 and 661) = 0.0251 Dk/Degree Day Firm General (Rate Code 760) = 0.0615 Dk/Degree Day Firm General (Rate Code 761) = 1.7964 Dk/Degree Day
Actual Degree Days	-	The actual degree days reported by the National Weather Service Stations for applicable service areas in South Dakota.

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PURCHASED GAS COST ADJUSTMENT Rate 88

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1. Applicability:

This rate schedule constitutes a purchased gas cost adjustment (PGA) provision and specifies the procedure to be utilized to adjust the rates for gas sold under Montana-Dakota's rate schedules, with the exception of Rate 66 and Rate 76, in order to reflect: (a) changes in Montana-Dakota's average cost of gas supply and (b) amortization of the Unrecovered Purchased Gas Cost Account.

2. Effective Date and Limitation on Adjustments:

- (a) The effective dates of the PGA shall be bills rendered on and after the first day of each month, unless the Commission shall otherwise order.
- (b) Montana-Dakota shall file a PGA to reflect changes in its average cost of gas supply only when the amount of change in such PGA is at least 10 (ten) cents per dk compared to the currently effective adjustment. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

3. Purchased Gas Cost Adjustment:

- (a) The monthly PGA shall reflect changes in Montana-Dakota's cost of gas supply as compared to the cost of gas supply approved in its most recent PGA. The cost of gas supply shall be the sum of all costs incurred in obtaining gas for general system supply. General system supply is defined as gas available for use by all customers served under retail sales rate schedules excluding Rate 66 and Rate 76. The cost of gas supply shall include, but not be limited to, all demand, commodity, storage, gathering, and transportation charges incurred by Montana-Dakota for such gas supply, the overall rate of return on prepaid demand and commodity charges and gas storage balances required to maintain the system gas supply and hedging program gains, losses and transaction costs related to system gas supply.
- (b) The PGA shall be computed as follows:
 - (1) Demand costs shall include all annual gathering, transportation and storage demand charges at current rates.

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- (2) Commodity costs shall include all annual gathering, transportation and storage charges at current rates.
- (3) The gas commodity cost shall reflect all commodity related gas costs estimated to be in effect for the month the PGA will be in effect and annual dk requirements.
- (4) The return on prepaid demand and commodity balances and storage balances shall be computed on an annual basis at the overall rate of return on rate base.

The cost per dk for the month is the sum of the above divided by annual, weather normalized dk deliveries for the most recent twelve month period adjusted to reflect losses.

(c) Monthly gas costs shall be calculated as follows:

- (1) Demand costs shall be apportioned to all state jurisdictions served by Montana-Dakota on the basis of the overall ratio of each state's Maximum Daily Delivery Quantity (MDDQ).
- (2) Demand costs for large interruptible sales customers shall be stated on a 100% load factor basis.
- (3) All commodity costs and other costs associated with the acquisition of gas for general system supply shall be apportioned to each state on the basis of total dks sold in each state, regardless of the actual points of delivery of such gas.
- (4) The return requirement related to prepaid demand and commodity charges and gas storage balances shall be included on a per dk basis. The prepaid demand and storage balances shall be apportioned to all states on the basis of each state's MDDQ. The prepaid commodity charges shall be apportioned to all states on the basis of annual dks sold in each state. The unit cost shall be calculated using a thirteen month average balance and the currently authorized return on rate base.

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- (5) All costs related to specific end-use transactions shall not be included in the cost of gas supply determination but shall be directly billed to the customer(s) contracting for such service.
- (d) The PGA shall be applied to each of Montana-Dakota's rate schedules excluding Rate 66 and Rate 76, recognizing differences among customer classes consistent with the cost of gas supply included in the applicable class sales rate.

4. Surcharge Adjustment:

All sales rate schedules shall be subject to a Surcharge Adjustment to be effective on May 1 of each year. The Surcharge Adjustment per dk sold shall reflect amortization of the applicable balance in the Unrecovered Purchased Gas Cost Account calculated by dividing the applicable balance by the estimated dk sales for the twelve months following the effective date of the adjustment.

5. Unrecovered Purchase Gas Account:

- (a) Items to be included in the Unrecovered Purchased Gas Cost Account, as calculated in accordance with Subsection 5(b) are:
 - (1) Charges for gas supply which Montana-Dakota is unable to reflect in a Purchased Gas Cost Adjustment by reason of the ten cent minimum limitation set forth in Subsection 2(b).
 - (2) Amounts of increased/decreased charges for gas supplies which were paid during any period after the effective date of the most recent general rate case, but not yet included in sales rates.
 - (3) Refunds received from supplier(s) with respect to gas supply. Such refunds received shall be credited to the Unrecovered Purchased Gas Cost Account.
 - (4) Carrying charges or credits as determined in Section 5(b)(2).
 - (5) Demand costs recovered from the large interruptible sales customers will be credited to the residential, firm general service and small interruptible customers.

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- (b) (1) The amount to be included in the Unrecovered Purchased Gas Cost Account in order to reflect the items specified in Subsections 5(a)(1), (2), and (3) shall be calculated as follows:

- (i) Montana-Dakota shall first determine each month the unit cost for that month's natural gas supply as adjusted to levelize demand charges.

Such adjustment to levelize supplier(s) demand charges shall be calculated as follows:

The suppliers' annual (calendar or fiscal) demand charges, which are payable in equal monthly payments, shall be accumulated in a prepaid account (FERC Account 165). Each month a portion of such accumulated prepaid amount shall be amortized to cost of natural gas purchased (FERC Account 804). Such monthly amortization shall be based on a rate calculated by dividing the annual supplier(s) demand charges by projected annual natural gas sales units (calendar or fiscal, as appropriate). The resulting product shall then be multiplied by the projected natural gas unit sales for the current month. Such amount shall constitute the monthly amortization of prepaid supplier(s) demand charges to cost of natural gas supply.

- (ii) Montana-Dakota shall then subtract from each month's unit cost the unit cost for gas supply which is reflected in the currently effective PGA.
- (iii) The resulting difference (which may be positive or negative) shall be multiplied by the dks sold during that month under each rate schedule. The resulting amounts shall be reflected in an Unrecovered Purchased Gas Cost Account for each rate schedule.

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Bismarck, ND 58501

**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
1st Revised Sheet No. 29.4
Canceling Original Sheet No. 29.4

PURCHASED GAS COST ADJUSTMENT Rate 88

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(2) Montana-Dakota will calculate carrying charges on the amounts in the Unrecovered Purchased Gas Cost Account, Account 191, at the rate of interest for a three-month Treasury Bill as published monthly by the Federal Reserve Board for the preceding month. The amount to be included in Account 191 for carrying charges shall be determined as follows: each month, Account 191 shall be debited (if the balance in said account is a debit balance) and shall be credited (if the balance in said account is a credit balance) for a carrying charge, which shall be the product of (i) and (ii) below:

- (i) The balance in Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.
- (ii) One-twelfth of the annual interest rate as set forth in this Subsection (b)(2). The carrying charges shall be accrued in a supplementary Unrecovered Purchased Gas Cost Account for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.

(c) Reduction of Amounts in the Unrecovered Purchased Gas Cost Account:

- (1) The amounts in the Unrecovered Purchased Gas Cost Account shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in rates for that month (as calculated in Section 4) by the dks sold during that month under each rate schedule excluding Rate 66 and Rate 76. The account shall be increased in the event the adjustment is a negative amount.
- (2) The amount amortized each month shall be applied pro rata between the amounts in the Unrecovered Purchased Gas Cost Account specified in Subsections 5(a)(1), (2), (3) and (5) and the amounts in the supplementary Unrecovered Purchased Gas Cost Account specified in Subsection 5(a)(4).

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A Division of MDU Resources Group, Inc.
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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
Original Sheet No. 29.5
Canceling Vol. 1 1st Rev. Sheet No. 29.5

PURCHASED GAS COST ADJUSTMENT Rate 88

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6. Time and Manner of Filing:

- (a) Each filing by Montana-Dakota shall be made by means of revised PGA sheets identifying the amounts of the adjustments and the resulting currently effective PGA rates.
- (b) Each filing shall be accompanied by detailed computations which clearly show the derivation of the relevant amounts.

Date Filed: December 30, 2002

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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
1st Revised Sheet No. 30
Canceling Original Sheet No. 30

**EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89**

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1. Applicability:

This rate schedule constitutes a purchased gas cost adjustment (PGA) provision and specifies the procedure to be utilized to adjust the rates for gas sold under Residential Natural Gas Service Rate 66 (Rate 66) and Firm General Natural Gas Service Rate 76 (Rate 76) in order to reflect: (a) changes in Montana-Dakota's average cost of gas supply and (b) amortization of the Unrecovered Purchased Gas Cost Account.

2. Effective Date and Limitation on Adjustments:

- (a) The effective dates of the PGA shall be bills rendered on and after the first day of each month, unless the Commission shall otherwise order.
- (b) Montana-Dakota shall file a PGA to reflect changes in its average cost of gas supply only when the amount of such change in PGA is at least 10 (ten) cents per dk compared to the currently effective adjustment. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

3. Purchased Gas Cost Adjustment:

- (a) The monthly PGA shall reflect changes in Montana-Dakota's cost of gas supply for the East River System as compared to the cost of gas supply approved in its most recent PGA. The cost of gas supply shall be the sum of all costs incurred in obtaining gas for delivery at interconnections with South Dakota Intrastate Pipeline (SDIP). The East River System supply is defined as gas available for use by all customers served under Rate 66 and Rate 76. The cost of gas supply shall include, but not be limited to, all demand, commodity, storage, gathering, and transportation charges incurred by Montana-Dakota for such gas supply, the overall rate of return on prepaid demand and commodity charges and gas storage balances required to maintain the East River System gas supply and hedging program gains, losses and transaction costs related to the East River System gas supply.

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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
1st Revised Sheet No. 30.1
Canceling Original Sheet No. 30.1

**EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89**

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(b) The PGA shall be computed as follows:

- (1) Demand Costs, if applicable, shall include all annual gathering, transportation and storage demand charges at current rates.
- (2) Commodity costs shall include all annual gathering, transportation and storage charges at current rates.
- (3) The gas commodity cost shall reflect all commodity related gas costs estimated to be in effect for the month the PGA will be in effect and annual dk requirements.
- (4) The return on prepaid demand and commodity balances and storage balances, if applicable, shall be computed on an annual basis at the overall rate of return on rate base.

The cost per dk for the month is the sum of the above divided by annual, weather normalized dk deliveries for the most recent twelve-month period adjusted to reflect losses.

(c) Monthly gas costs shall be calculated as follows:

- (1) Demand costs if applicable, shall be apportioned to all state jurisdictions served by Montana-Dakota on the basis of the overall ratio of each state's Maximum Daily Delivery Quantity (MDDQ).
- (2) Demand costs for interruptible and specified contract service customers shall be stated on a 100% load factor basis.
- (3) All commodity costs and other costs associated with the acquisition of gas for the East River System Supply.
- (4) The return requirement related to prepaid demand and commodity charges and gas storage balances, if applicable, shall be included on a per dk basis. The prepaid demand and storage balances shall be apportioned to all states on the basis of each state's MDDQ.

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State of South Dakota Gas Rate Schedule – SDPUC Volume No. 2

Section No. 3

1st Revised Sheet No. 30.2

Canceling Original Sheet No. 30.2

EAST RIVER NATURAL GAS SYSTEM PURCHASED GAS COST ADJUSTMENT Rate 89

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- The prepaid commodity charges shall be apportioned to all states on the basis of annual dk's sold in each state. The unit cost shall be calculated using a thirteen month average balance and the currently authorized return on rate base.
- (5) All costs related to specific end-use transactions shall not be included in the cost of gas supply determination but shall be directly billed to the customer(s) contracting for such service.
- (d) The PGA shall be applied to Rate 66 and Rate 76, if applicable, recognizing differences among customer classes consistent with the cost of gas supply included in the applicable class sales rate. T

4. Surcharge Adjustment:

Rate 66 and Rate 76 shall be subject to a Surcharge Adjustment to be effective on May 1 of each year. The Surcharge Adjustment per dk sold shall reflect amortization of the applicable balance in the Unrecovered Purchased Gas Cost Account calculated by dividing the applicable balance by the estimated Rate 66 and Rate 76 dk sales for the twelve months following the effective date of the adjustment. T

5. Unrecovered Purchased Gas Cost Account:

- (a) Items to be included in the Unrecovered Purchased Gas Cost Account, as calculated in accordance with Subsection 5(b) are:
 - (1) Charges for gas supply which Montana-Dakota is unable to reflect in a Purchased Gas Cost Adjustment by reason of the ten cent minimum limitation set forth in Subsection 2(b). T
 - (2) Amounts of increased/decreased charges for gas supplies which were paid during any period after the effective date of the most recent general rate case, but not yet included in the East River System sales rates. T

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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
1st Revised Sheet No. 30.3
Canceling Original Sheet No. 30.3

**EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89**

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- (3) Refunds received from supplier(s) with respect to gas supply. Such refunds received shall be credited to the Unrecovered Purchased Gas Cost Account.
- (4) Carrying charges or credits as determined in Section 5(b)(2).
- (b) (1) The amount to be included in the Unrecovered Purchased Gas Cost Account in order to reflect the items specified in Subsections 5(a)(1), (2), and (3) shall be calculated as follows:

- (i) Montana-Dakota shall first determine each month the unit cost for that month's natural gas supply as adjusted to levelize demand charges, if applicable. Such adjustment to levelize supplier(s) demand charges shall be calculated as follows:

The suppliers' annual (calendar or fiscal) demand charges, which are payable in equal monthly payments, shall be accumulated in a prepaid account (FERC Account 165). Each month a portion of such accumulated prepaid amount shall be amortized to cost of natural gas purchased (FERC Account 804).

Such monthly amortization shall be based on a rate calculated by dividing the annual supplier(s) demand charges by projected annual natural gas sales units (calendar or fiscal, as appropriate). The resulting product shall then be multiplied by the projected natural gas unit sales for the current month. Such amount shall constitute the monthly amortization of prepaid supplier(s) demand charges to cost of natural gas supply.

- (ii) Montana-Dakota shall then subtract from each month's unit cost the unit cost for gas supply which is reflected in the currently effective PGA.

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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
1st Revised Sheet No. 30.4
Canceling Original Sheet No. 30.4

**EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89**

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- (iii) The resulting difference (which may be positive or negative) shall be multiplied by the dks sold during that month under Rate 66 and Rate 76. The resulting amounts shall be reflected in an Unrecovered Purchased Gas Cost Account for each rate schedule.
- (2) Montana-Dakota will calculate carrying charges on the amounts in the Unrecovered Purchased Gas Cost Account, Account 191, at the rate of interest for a three-month Treasury Bill as published monthly by the Federal Reserve Board for the preceding month. The amount to be included in Account 191 for carrying charges shall be determined as follows: each month, Account 191 shall be debited (if the balance in said account is a debit balance) and shall be credited (if the balance in said account is a credit balance) for a carrying charge, which shall be the product of (i) and (ii) below:
- (i) The balance in Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.
- (ii) One-twelfth of the annual interest rate as set forth in this Subsection (b)(2). The carrying charges shall be accrued in a supplementary Unrecovered Purchased Gas Cost Account for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.
- (c) Reduction of Amounts in the Unrecovered Purchased Gas Cost Account:
- (1) The amounts in the Unrecovered Purchased Gas Cost Account shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in rates for that month (as calculated in Section 4) by the dks sold

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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
1st Revised Sheet No. 30.5
Canceling Original Sheet No. 30.5

**EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89**

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during that month under Rate 66 and Rate 76. The account shall be increased in the event the adjustment is a negative amount. T

- (2) The amount amortized each month shall be applied pro rata between the amounts in the Unrecovered Purchased Gas Cost Account specified in Subsections 5(a)(1), (2), (3) and the amounts in the supplementary Unrecovered Purchased Gas Cost Account specified in Subsection 5(a)(4).

6. Time and Manner of Filing:

- (a) Each filing by Montana-Dakota shall be made by means of revised PGA sheets identifying the amounts of the adjustments and the resulting currently effective PGA rates.
- (b) Each filing shall be accompanied by detailed computations which clearly show the derivation of the relevant amounts.

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**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
Original Sheet No. 31

**EXPERIMENTAL CONSERVATION PROGRAM
TRACKING MECHANISM Rate 90**

Page 1 of 1

Applicability:

This rate schedule represents an Experimental Conservation Program Tracking Mechanism and specifies the procedure to be utilized to recover the costs of a portfolio of conservation programs consisting of a Customer Conservation Starter Kit Program, a High-Efficiency Furnace Program and a Programmable Thermostat Program, as authorized by the Commission, including the recovery of distribution delivery charge revenues reduced as a result of the conservation programs. Service provided under the Company's Residential Service Rates 60 and 66 and Firm General Service Rates 70, 72 and 76 shall be subject to this tracking mechanism. This experimental program shall expire on April 30, 2009.

Conservation Program Tracker:

An adjustment per dk will be determined for each rate schedule subject to the Conservation Program Tracking Mechanism. Monthly bills beginning with the first billing cycle following May 1, 2006 and each May 1 thereafter, will be adjusted by the application of the Conservation Tracking Adjustment rate indicated below. The rate will reflect the amortization of the conservation program costs including the dk savings associated with each measure implemented in the prior 12 month period. The currently authorized Distribution Delivery Charge will be applied to the dk savings to compute the reduction in Distribution Delivery revenues associated with the conservation programs. The total program costs including the lost distribution revenues will be amortized over projected volumes to be sold over the next 12 month period. Following the initial one-year term, and annually thereafter, the Conservation Program Tracker rate calculation shall include any over or under collection of revenue from the preceding twelve month recovery period.

Conservation Tracking Adjustment:

Black Hills	\$0.000 per dk
East River	\$0.000 per dk

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